

Strategies for Matching Assets and Liabilities

CDIAC Pre-Conference
to the 15th Annual CA
Bond Buyer Conference

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OVERVIEW

- Being Fiscally Prudent
- Understand your income statements
- Understand your statement of net assets
- What to know about your revenues
- What are your obligations
- What are your options to issuing debt

FISCAL PRUDENCE

- You better watch your ass(ets)
- What is the focus of your reserve policy?
- What does your debt policy say?
- Follow your investment policy!
- Do you monitor working capital?
- CAFR vs Budget
- Do you prepare a cashflow model?

Income Statement – Parking Garages

	<u>FY 2005</u>	<u>FY 2004</u>
<u>Revenues</u>		
Parking/Rental Revenues	\$4,708,989	\$4,523,827
Investment Earnings	221,781	258,640
Change in Net Value	(6,145)	912
Operating Transfers In	<u>43,282</u>	<u>56,414</u>
Total Revenues	\$4,967,907	\$4,839,793
<u>Operating Expenses</u>		
Parking Expenses	\$2,114,924	\$2,186,222
Depreciation	442,960	442,753
Interest Expense	1,475,747	1,533,432
Other Non-Operating Expenses	<u>119,521</u>	<u>119,521</u>
Total Expenses	\$4,153,152	\$4,281,928
Net Income	<u>\$ 814,755</u>	<u>\$ 557,865</u>

Statement of Net Assets

	<u>FY 2004</u>	<u>FY 2003</u>
<u>Assets</u>		
Cash & Investments	\$ 1,635,887	\$ 1,762,516
Restricted Cash	2,691,190	2,687,334
Accounts Receivable	303,618	264,484
Prepaid and Other Assets	2,949,318	3,005,730
Property Plant & Equipment (net)	<u>16,469,897</u>	<u>16,894,769</u>
Total Assets	\$24,049,910	\$24,614,833
<u>Liabilities</u>		
Accounts Payable	\$ 875,024	\$ 941,857
Deposits	329,303	325,415
Advances from City	4,186,545	4,536,545
Notes Payable – Current	97,482	92,471
Notes Payable – Long Term	2,119,416	2,216,898
COP – Current	1,017,175	963,819
COP – Long Term	20,588,068	21,477,676
Unamortized Discount	<u>452,954</u>	<u>490,964</u>
Total Liabilities	\$29,665,967	\$31,045,645
Total Net Assets	(5,616,057)	(6,430,812)

UNDERSTAND YOUR MAJOR REVENUE SOURCES!!! 😊

- What are they?
- When do you receive them?
- How reliable are they?
- Who controls them?
- It's all about Cashflow

UNDERSTAND YOUR MAJOR OBLIGATIONS!!! ☹️

- Payroll
- Pensions
- Other Benefits
- Contractual Obligations
- Existing Debt Obligations

DECISION POINTS

- Fixed vs. Variable
- 20 – 30 – 40 Years
- Derivatives – Yes or No
- Timing of Payments
- Level Debt Service or Back Loaded

REMEMBER.....

IT'S ALL
ABOUT
CASHFLOW
AND GETTING A
GOOD NIGHT'S
REST!

